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William H. Johnson  
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November 18, 2021

**VIA ELECTRONIC FILING**

Marlene H. Dortch, Secretary  
Federal Communications Commission  
45 L Street, NE  
Washington, DC 20554

**Re: Application for Consent to Transfer Control of International Section 214 Authorization,  
GN Docket No. 21-112**

Dear Ms. Dortch:

On November 16 and 17, 2021, representatives of Verizon met via teleconference with Commission staff (see Attachment A for list of participants) to discuss the Verizon/TracFone transaction and potential commitments regarding advancing Lifeline, facilitating a smooth customer transition to the Verizon network, and other issues. In light of the record established in this proceeding and subject to the commitments set forth below, we request grant of the application to transfer control of TracFone's International Section 214 authorization in connection with Verizon's acquisition of TracFone.<sup>1</sup>

A combined Verizon and TracFone will better serve existing and potential TracFone customers and inject further competition into the prepaid segment for value-conscious customers, including Lifeline customers. The commitments – including our commitment to participate in the Lifeline program for at least seven years – reflect Verizon's dedication to helping meet the communications needs of lower-income consumers with affordable broadband options. Consumers will benefit as the number of facilities-based providers in the prepaid segment effectively moves from two to three. And equipping TracFone with a network will lower TracFone's costs, allowing it to leverage owner's economics to offer value-conscious consumers more competitive plans; make TracFone more nimble in responding to consumer demands and competitive offers; and deliver a new level of device-buying power to TracFone, resulting in better deals for TracFone's customers.

While a combined Verizon and TracFone will benefit value-conscious prepaid consumers and serve the public interest, Verizon recognized that some stakeholders expressed concern about certain aspects of the transaction. Verizon worked with these stakeholders – including Public Knowledge, Access Humboldt, the Benton Institute for Broadband and Society, the California Center for Rural Policy, and Communications Workers of

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<sup>1</sup> See Application for Consent to Transfer Control of International Section 214 Authorization, IBFS File No. ITC-T/C-20200930-00173 (filed Sept. 30, 2020).

America – to address their concerns through a series of commitments,<sup>2</sup> and we are pleased that the transaction has garnered additional support from the National Urban League, National Action Network, and others.<sup>3</sup>

During the recent calls, Commission staff expressed concern about certain aspects of the transaction. In order to respond to these concerns and address them definitively, Verizon offers the following commitments:

**Lifeline:**

- **Term Length and Scope:**
  - Verizon, directly or through its affiliates, will continue to offer Lifeline services for at least seven years from the close of the transaction over the same service area where TracFone currently offers Lifeline service;
  - All Verizon/TracFone's Lifeline service offerings will meet or exceed the Lifeline minimum service standards (MSS) in place throughout this time period. Verizon will ensure continued service for existing and new Lifeline customers for the entirety of that period either via its own network or through MVNO agreements. Verizon may seek a waiver of this commitment in areas where it does not have its own network if it is unable to extend a necessary MVNO agreement under commercially reasonable terms; and
  - Before any TracFone Lifeline customer is required to transition to Verizon's network, Verizon will offer at no cost a compatible device with comparable functionality and/or SIM replacement to that customer if the customer's existing device<sup>4</sup> is not compatible with the Verizon network.
- **Maintain Existing Plans:**
  - Verizon will continue to offer and advertise existing TracFone Lifeline rate plans for at least three years after the transaction closes unless the plan no longer meets Lifeline MSS standards.
    - Verizon may substitute better terms for any existing plan provided that the monthly price and any co-pays do not increase. Nothing in these commitments prevents Verizon from offering additional Lifeline plans with different terms.
  - Verizon will continue to offer and advertise and will not add new co-pays to TracFone's existing Lifeline plans that currently are offered at no cost to prepaid customers for at least three years after the transaction closes.
    - In the event the Commission increases the Lifeline MSS, Verizon will offer at least one plan in compliance with these new requirements at no cost to Lifeline eligible consumers for at least three years after close of the transaction. Nothing in this commitment shall prevent Verizon

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<sup>2</sup> See Letter from Public Knowledge *et al.* (Aug. 11, 2021); *see also* Letter from Verizon (Aug. 11, 2021); Letter from Verizon (Sept. 22, 2021).

<sup>3</sup> Letter from National Urban League *et al.* (Sept. 23, 2021); *see also* Letter from United States-Mexico Chamber of Commerce (Sept. 24, 2021); Letter from MANA, A National Latina Organization (Sept. 27, 2021); Letter from the National Puerto Rican Chamber of Commerce (Sept. 28, 2021); Letter from United States Hispanic Chamber of Commerce (Oct. 5, 2021); Letter from National LGBT Chamber of Commerce (Oct. 6, 2021); Letter from National Hispanic Council on Aging (Oct. 13, 2021).

<sup>4</sup> "Existing device" refers to the customer's device as of the closing date.

from seeking a waiver of the commitment to offer a no-cost plan should an increase in Lifeline MSS significantly raise compliance costs. In addition, nothing in this commitment shall prevent Verizon from pursuing compensation through state or federal device reimbursement programs so long as no unrecovered costs are passed on to Verizon's Lifeline subscribers.

- **Lifeline Marketing and Advertising:**

- For at least seven years following the close of the transaction, Verizon will maintain marketing and advertising expenditures for Lifeline at levels that equal or exceed the average of TracFone's marketing and advertising expenditures for the three calendar years before the Applicants filed the application for consent to transfer control. During this period, Verizon will market and advertise through similar channels as TracFone. Specifically:
  - Verizon will maintain a new, dedicated website with information about the Lifeline program, how to apply for Lifeline, and a list of its Lifeline plans and instructions for obtaining any necessary replacement devices and/or SIM cards. A link to the new, dedicated Lifeline website will appear on the home page of the Verizon.com and TracFone websites. The website also will be clearly accessible in each language that TracFone has used in its own marketing and advertising.
  - The Verizon.com home page will contain a link to "TracFone" under the "Shop" category that directly links to the home page of TracFone's website (containing the information detailed in these commitments). The search function on Verizon's home page will also lead to a "Lifeline" page that includes the details of TracFone's offerings, including a link to the dedicated Lifeline customer service line and the new, dedicated Lifeline website.
  - Verizon will maintain a dedicated customer service line for Lifeline customers, staffed by trained customer service agents able to address customer inquiries concerning how to apply for Lifeline, Lifeline offerings, and transition issues, including instructions for obtaining any necessary replacement devices and/or SIM cards. The telephone number for this customer service line will be displayed on the home page of TracFone's website and on Verizon's new, dedicated Lifeline website.
  - Verizon will target Lifeline advertisements to Lifeline eligible subscribers, using the same languages, similar advertising and outreach media, and grassroots efforts that TracFone used.

**Lifeline 5G Condition:** Within six months after the transaction closes, Verizon will make available to existing and new Lifeline prepaid customers the lowest cost plan that includes 5G service and meets Lifeline MSS that is offered by any of its subsidiaries or affiliates, and will offer a range of cost-effective 5G devices to existing and new Lifeline customers for a minimum of seven years after the close of the transaction. Within six months of closing, Verizon will furnish to the Wireless Telecommunications Bureau a list of devices that currently meet these criteria, which shall be used for comparison during the length of this commitment.

**TracFone Liability:** Without prejudicing contractual indemnification rights between Verizon and América Móvil, Verizon and its successors, assigns, and transferees will assume liability for any forfeitures, restitution, or other obligations that may be imposed by the Commission or the Universal Service Administrative Company (USAC) on TracFone and its subsidiaries, and any successors or assigns, unless such liability has been resolved by TracFone prior to the closing of the transaction, and it will comply with any agreements with the Commission or USAC,

including following any compliance plans, or other obligations, agreed to by TracFone, its subsidiaries, or any successors or assigns.

**Customer Service and Transition Issues:**

- **Service Condition:**
  - Verizon will maintain TracFone's existing MVNO agreements to serve customers outside Verizon's network coverage (including Puerto Rico) for a minimum of three years after close of the transaction. Nothing in this commitment is intended to conflict with or limit Verizon's commitment above to continue service for existing and new Lifeline customers for at least seven years after the transaction closes via its own network or through MVNO agreements.
    - Verizon will negotiate in good faith to extend the terms of TracFone's existing MVNO agreements to at least three years from the transaction closing if doing so would be necessary to avoid service disruption to TracFone customers. Verizon may seek a waiver of this condition if it is unable to negotiate an extension at commercially reasonable terms. Nothing in this commitment requires Verizon to modify the rates, terms, or conditions of any agreement it assumes from TracFone.
- **Customer Transition to Verizon Network:**
  - *Customer notification.* Before requiring any TracFone customers to transition to Verizon's network, Verizon will send at least two toll-free text messages, emails, or voicemail notifications, separated by at least two weeks, to all transitioning customers, unless prohibited by law. The notification will provide access to the following information: the migration date; a description of any steps the customer must take to be transitioned; a statement that the current plan which the customer uses will remain available for at least three years after the close of the transaction; and information concerning the toll-free phone number and dedicated website that are available for additional information on the transition.
  - *Customer service line.* For at least three years after the close of the transaction, Verizon will maintain an exclusive, toll-free customer service line for all TracFone customers, staffed by trained customer service agents able to address customer inquiries regarding transition issues. The telephone number for this customer service line will be displayed on the first page of TracFone's website (which will be directly linked on Verizon's home page, as discussed above). The telephone number will also be displayed on any physical transition-related material.
  - *Dedicated website.* Verizon will conduct outreach, advertising, and displaying of all TracFone plans on a dedicated website for three years after the close of the transaction.
    - The website will: (a) clearly indicate transition deadlines for those three years; (b) clearly explain that customers will be able to maintain their current plans for three years and display the relevant expiration dates; (c) be clearly accessible in each language that TracFone used to provide notifications prior to the transaction close; (d) disclose availability of other network providers in a customer's area; and (e) prominently display the exclusive toll-free customer service line.
    - Verizon will include a prominently-featured, easy-to-locate link to the dedicated website on TracFone's home page (which will be directly linked on Verizon's home page, as discussed

above). Verizon and TracFone will also prominently display the link to the dedicated website on all physical transition-related material.

- *Replacement devices or SIMs.* For at least three years after the close of the transaction, before any TracFone customer is required to transition to Verizon's network, Verizon will offer at no cost a compatible device with comparable functionality and/or SIM replacement to that customer if the customer's existing device<sup>5</sup> is not compatible with the Verizon network.

- **Rate Plans:**

- For at least three years after the close of the transaction, Verizon will maintain existing TracFone rate plans and allow new and existing customers to continue on those plans.

**Handset Unlocking:** Within 30 days after closing, Verizon will extend its 700 MHz C block device 60-day unlocking policy to all such devices purchased from TracFone after closing and activated on the Verizon network, subject to a two-year waiver of the automatic unlocking requirement to allow manual unlocking for those TracFone devices that do not have automatic unlocking capabilities currently.

- Within 30 days after closing, Verizon will notify all TracFone customers of its new unlocking policies. In addition, beginning 30 days after closing, Verizon will notify TracFone customers of its unlocking policies upon activation of a new 700 MHz C block device that will operate on the Verizon network.
- For 700 MHz C block TracFone devices that operate on the Verizon network and are capable of unlocking automatically (e.g., Apple devices), they will unlock automatically 60 days after activation.
- For 700 MHz C block TracFone devices that operate on the Verizon network and lack an automatic unlocking capability, Verizon will provide customers with manual means to unlock the device 60 days after activation. When the 60-day period expires, Verizon will provide clear and easy to follow instructions to those customers as to how they can manually unlock their devices.
- No later than 24 months after closing, any new 700 MHz C block TracFone device that Verizon offers and that operates on Verizon's network will be capable of automatically unlocking.
- Verizon will report the total number of locked TracFone devices and, of that number, the total number of devices that have the ability to automatically unlock within 60 days of closing and again on the first and second anniversary of the closing.

**MVNO Agreements:** Verizon will provide those MVNOs who have current contracts with Verizon an option to extend their existing MVNO wholesale agreements, on the same terms and conditions, continuing on a month-to-month basis until three years after the transaction closes. This option does not apply to MVNOs whose agreements expire beyond three years after the transaction closes nor to any terms that would apply to the provision of fixed wireless services.<sup>6</sup> In the event that the MVNO contact in question specifies different terms from year to year, the MVNO may extend the contract based on the terms in effect during the last year of the contract.

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<sup>5</sup> "Existing device" refers to the customer's device as of the closing date.

<sup>6</sup> For avoidance of doubt, an MVNO agreement provision that allows for negotiating a replacement agreement under certain conditions does not constitute an expiration of that agreement.

**Reporting and Monitoring:**

- Verizon will pay for and retain both an internal company compliance officer and an independent compliance officer to monitor compliance with these commitments for a period of seven years and six months after the close of the transaction.
- For a period of seven years after the close of the transaction, Verizon will submit a publicly-available semi-annual report to the Commission describing its compliance with these commitments, including the following information with respect to Lifeline and non- Lifeline customers:
  - The current number of Lifeline and non-Lifeline prepaid subscribers as of the end of the reporting period;
  - Data regarding TracFone customers that have been transitioned to Verizon's network from other networks, including the number of devices that have successfully transferred, as of the end of the reporting period;
  - The availability of 5G for Lifeline customers, including which geographic service areas have access to Verizon's 5G network and the number of Lifeline customers subscribing to a 5G service as of the end of the reporting period; and
  - All states where TracFone offers a Lifeline-supported service and a state-by-state breakdown of amounts spent on advertising and other marketing activities associated with Lifeline.
- Verizon may file proprietary information with the Commission on a confidential basis, making it available only to representatives of parties that have signed the relevant protective order (either during the pendency of the proceeding or thereafter) provided that Verizon shall also file a public version redacting the proprietary information to be available for review by the public.
- The independent compliance officer will submit compliance reports to the Commission after each semi-annual report, with a detailed description of Verizon's efforts to meet these commitments. The reports will be made publicly available; however, some of the information may include material that is confidential which should not be routinely available for public inspection. Such confidential material may be submitted for confidential treatment under Commission rules.
- Verizon will report any material noncompliance with these commitments within 15 calendar days of discovery of noncompliance.

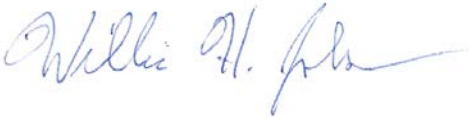
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Based on the record in this proceeding and subject to the commitments set forth herein, the application to transfer control of TracFone's International Section 214 authorization to Verizon should be promptly granted.

Marlene H. Dortch, Secretary  
November 18, 2021  
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Pursuant to Section 1.106 of the Commission's rules, a copy of this letter is being submitted in the record of this proceeding. Please contact the undersigned with any questions.

Yours sincerely,

A handwritten signature in blue ink, appearing to read "William H. Johnson", with a long horizontal flourish extending to the right.

William H. Johnson  
Senior Vice President, Verizon

cc: FCC Participants listed in Attachment A

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**ATTACHMENT A**

*November 16, 2021 Teleconference Participants*

FCC

Charles Mathias  
Catherine Matraves  
Monica DeLong  
Stacy Ferraro  
Garnet Hanly  
Susannah Larson  
Jessica Quinley  
Joel Rabinovitz  
Donald Stockdale  
Aleks Yankelevich

Verizon

William Johnson  
Tamara Preiss  
Greg Romano  
Katharine Saunders  
Adam Krinsky, Wilkinson Barker Knauer, LLP

*November 17, 2021 Teleconference Participants*

FCC

Charles Mathias  
Catherine Matraves  
Monica DeLong  
Stacy Ferraro  
Garnet Hanly  
Susannah Larson  
Georgios Leris  
Jessica Quinley  
Joel Rabinovitz  
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